

Castro Holds Forth On Sports and AIDS Cigarless, in Role of Good Neighbor

By Joseph B. Treaster
New York Times Service
HAVANA — Shortly after midnight, in the starry modern Palace of the Revolution, Fidel Castro was presenting himself as the good neighbor.

and, for a moment, the sorry state of relations between the United States and Cuba.
The man who has made volcanic mood changes a hallmark was in good spirits, and nothing seemed to rile him.



Harmony with Washington 'doesn't depend on us.' - Fidel Castro

an excellent situation" to cope with it.
Although nothing had been disclosed until Friday, he said that for more than a year Cuba had been treating people infected by the AIDS virus with a special diet, which he did not describe, and the experimental drug interferon.

U.S.-Cuban Relations Called Worst in Decades

By Julia Preston
Washington Post Service
HAVANA — Relations between the United States and Cuba are the worst in more than two decades, according to a top Cuban official and Western diplomats.
The freeze that set in late last year has, among other things, dimmed hopes of Cubans in both countries for increased transit in both directions, a prospect that appeared briefly in 1985.

Although U.S. surveillance flights have been frequent for more than two decades, Mr. Alarcon said they usually skirted the island. He charged that the flight was "deliberately provocative."
Starting Dec. 9, the government organized a three-day protest in front of the U.S. Interests Section, in a seaside plaza dominated by a billboard saying, "Yankee imperialism, we are not afraid of you at all!" On Dec. 11, most Havana city buses were commandeered to bring more than 400,000 chanting Cubans to the plaza for the largest anti-U.S. demonstration in Havana for at least a decade.

Book Says U.S. Knew Marcos Plan For '72 Rule

By Fox Butterfield
New York Times Service
WASHINGTON — Contrary to official assertions, the U.S. Embassy in Manila knew that Ferdinand E. Marcos was about to declare martial law in 1972 and did not act to stop him, according to a new book by Raymond Bonner.
Drawing heavily on previously classified State Department and Central Intelligence Agency documents, Mr. Bonner contends that the CIA got a copy of the martial law declaration several days before Mr. Marcos announced it. The document was provided by a Filipino informer the CIA had recruited from among the small group of confidants who helped Mr. Marcos plan martial law.

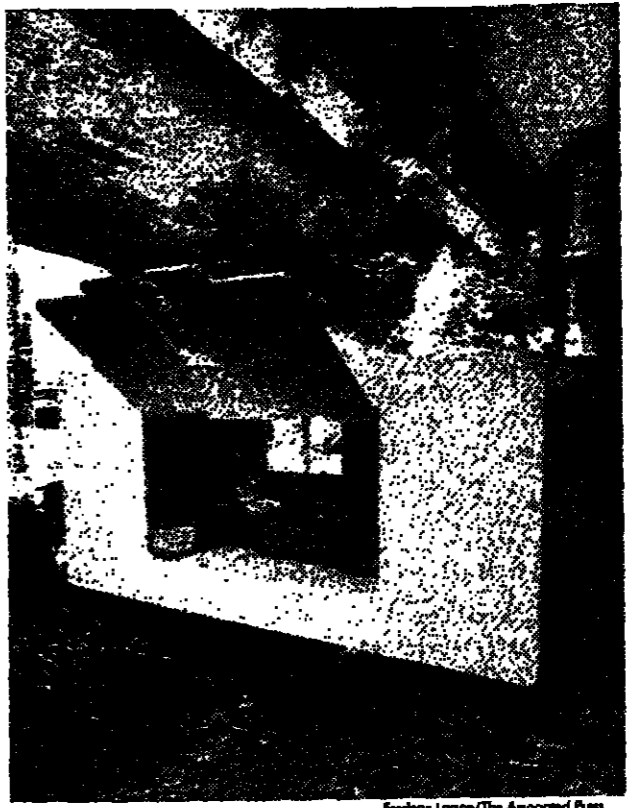
AMERICAN TOPICS

The Bootstrap Effort For Low-Cost Houses

"America is changing the way it is housing its poor," the Washington Post. "Instead of traditional rent subsidies, the new thrust is loans with little or no interest. Public housing is out; home ownership is in."
Rather than billion-dollar federal programs, the new efforts are narrowly focused, this one financed by a city, that one by a church group. Nonprofit organizations are becoming nearly as important in providing low-cost housing as the U.S. government.

Cable News Network Survey

But the magazine says getting such a test can be a real test in itself. Testing is free in most public health clinics, but it costs \$20 in Miami. Clinic phone lines often are busy. Immediate testing is available in Atlanta, but there is a 10-week wait for appointments in Los Angeles and a wait of several months in Boston. Results usually are available from two days to three weeks after the test.



LIFE UNDER THE FAST LANE — In San Francisco, an architect, Donald MacDonald, offered this solution for the homeless: an \$800 plywood shelter with foam mattress, locker and clothes hangers. This "City Sleeper," as it is called, is placed under a highway overpass.

Notes About People

The American Society of Newspaper Editors has elected its first woman president. She is Katherine Woodruff Fanning, the editor of The Christian Science Monitor. Mrs. Fanning, 59, said she planned to stress the promotion of blacks, women and minority members to the upper echelons of journalism.

Texas boot makers are crafting a pair of jewel-encrusted cowboy boots for Pope John Paul II's visit in September. The papal seal, of dyed leather, gold inlay and rubies, will be centered on the front of each boot. Archbishop Patrick Flores of San Antonio obtained the pope's shoe size during a recent visit to the Vatican. There was no estimate of the cost.

Short Takes

Seventy-seven percent of Americans believe that couples planning to be married should be tested for AIDS, according to a U.S. News & World Report.

Sighted in New York City

Kew Gardens neighborhood and reported by Pearl R. Wolf to the New York Times was a car with the much-used "Baby on Board" sign in the rear window. Tied to the back of the car was a

U.S. to Test System for Detecting Bombs on Planes

New York Times Service
NEW YORK — The Federal Aviation Administration is soon to conduct tests of an advanced detection system designed to keep bombs or other explosive devices from being loaded into the cargo holds of airliners.
The system's heart is a detection chamber, able to examine each item of luggage or cargo in six seconds. It will first be given a four-

week trial at San Francisco International Airport and later have similar tryouts at several other terminals.
Government officials say they hope that more polished versions, close to what would eventually be produced in significant numbers, can start going into everyday use in major cities within two years.
The equipment operates by bombarding cargo with streams of

Willi Smith, 39, Is Dead; U.S. Fashion Designer

By George James
New York Times Service
NEW YORK — Willi Smith, 39, one of the U.S. fashion industry's most successful young designers, known for spirited and trendy clothes, died of pneumonia Friday at Mount Sinai Hospital.
He was admitted for tests to the hospital's intensive-care unit Thursday night with pneumonia, complicated by shigellosis, or bacillary dysentery. He had been ill about three weeks, said Mark Bozak, a spokesman for Mr. Smith.
Mr. Smith, who made inexpensive sportswear under the WilliWear label, was part of a wave of young black designers who came to prominence in the late 1960s. Last year his 11-year-old company had more than \$25 million in sales.

friends. He designed 600 uniforms for workers who helped wrap the Pont Neuf in Paris with material for the artist Christo in 1985.
Cecil Harmsworth King, 86, British Press Baron
DUBLIN (Reuters) — Cecil Harmsworth King, 86, once one of Britain's most powerful newspaper publishers, died in his sleep Friday at his home in Dublin after a long illness, his wife, Dame Ruth Railton, said Saturday.
In 1929 Mr. King, a member of the Harmsworth family of newspaper barons, became director of The Daily Mirror, which he built into the largest mass-circulation daily in Britain. International Publishing Corp., of which he was chairman from 1963 to 1968, was one of the world's largest media groups.



Willi Smith



Cecil Harmsworth King

White House Study Urges End to Many Covert Operations

Washington Post Service
SANTA BARBARA, California — An internal White House review of secret intelligence operations has concluded the nearly a third of the covert missions authorized by President Ronald Reagan should be terminated, administration sources said.
The review, ordered following the Iran-contra affair, focused on secret intelligence "findings" such as the one that Mr. Reagan signed to allow the sale of U.S. arms to Iran, the sources said Saturday.
In its report on the Iran-contra affair, the Tower commission criticized the White House for failing to monitor the covert operation properly and for failing to notify Congress.
Covert operations were emphasized under the former CIA director, William J. Casey. The sources said the review targeted covert operations, as distinct from secret intelligence-gathering efforts.
They said the national security adviser, Frank C. Carlucci, was more reluctant than some of his predecessors to use covert operations as an instrument of foreign policy because of the potential for political backlash.

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For Lack of Leadership

Each week brings evidence for prophets of economic doom: Brazil defaults on its debt; the monthly U.S. trade deficit hits \$15 billion; the dollar falls to new lows against the yen; President Reagan succumbs to pressure for retaliation against Japan...

A Less Nuclear Europe

Europeans are feeling rushed and pushed by the new missile deal. For 40 years the United States has protected a Europe unable, since World War II, to defend itself.

Holy Week Reminders

Holy Week, the week of Easter and Passover, was a time to think of renewal and freedom, as good as week as to believe anew that faith can move mountains.

Other Comment

What About Eastern Europe? It is an evil empire, President Reagan was and is right. Not having been on the other side of the Iron Curtain for some 30 years, I had forgotten what Russia has done to Eastern Europe.

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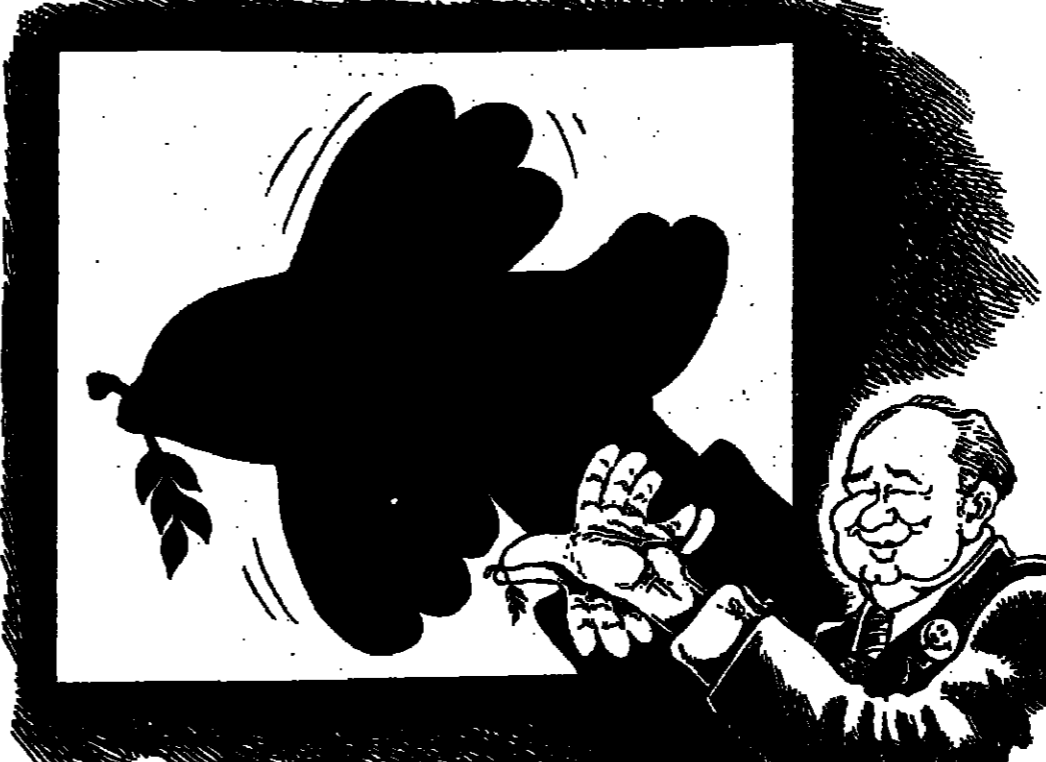
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Espionage: So What Else Is New?

By Charles Kranthammer

WASHINGTON — Remember the Soviet brigade in Cuba? In 1979, President Carter submitted the SALT-2 treaty to the Senate for ratification. Senator Frank Church, chairman of the Foreign Relations Committee, discovered a Soviet brigade in Cuba. To meet the "crisis," SALT-2 hearings were postponed.



The greatest deliberative body in the world is again in an arms control mood, pushing for treaties — test ban, SDI, even a revised SALT-2 — from a weakened president. So a weakened president, desperate to shore himself up politically and within sight of a Euro-missile treaty, prepares to dispatch his secretary of state to Moscow for crucial arms control talks.

A Jordanian Appeal: American Jews Can Help

By Mohamed Kamal

WASHINGTON — My past two years of residence in the United States have convinced me that the American Jewish community can make a great contribution to achieving a just and lasting peace in the Middle East.

Explanations for the Bull Market Don't Convince

By Robert J. Samelson

WASHINGTON — Steven Einhorn should be sitting atop the world. For months the chief investment strategist at Goldman, Sachs & Company has said that stocks would go higher.

LETTER TO THE EDITOR

Spies in Bonn and Oslo

In "Espionage: Is It All Really Necessary?" (April 15), William Pfaff cites spy cases in America and Britain and argues against an example that the Soviets have not, as far as we know, penetrated the British cabinet and been able to influence British policy.

Gorbachev: Concessions In Advance

By Jim Hoagland

LONDON — The diplomatic action was in Moscow and Brussels last week as the United States virtually wrapped up negotiations with the Soviet Union to remove medium-range nuclear missiles from Europe.

OPINION

Handwritten Arabic text at the bottom of the page.

7 Are Slain In Ethnic Fighting in Pakistan

KARACHI, Pakistan — Four persons were killed in a fresh outbreak of ethnic rioting in Karachi on Sunday, raising to seven the death toll since trouble began Saturday night, doctors said. The police confirmed five deaths and said they had arrested more than 20 persons during fighting between the Pathan and Muhajir ethnic communities. Pathans, originally from north-west Pakistan and Afghanistan, have a long history of rivalry with the Muhajirs, Urdu-speaking Moslems who came to Pakistan after the partition of the Indian subcontinent in 1947.

The doctors, who had earlier reported three persons dead in clashes Saturday night, said four more persons had died Sunday in a gunfight between members of the two communities in a Karachi suburb. They said they had treated 40 persons, mostly with injuries caused by bullets, knives and stones.

The police said the trouble began when armed Pathans attacked Muhajirs in the suburb of New Karachi at midnight.

They said they fired tear gas Sunday to disperse crowds. Residents said the police also fired warning shots in the air as sporadic incidents continued Sunday morning.

The local authorities said that the police fought a 30-minute gun battle with "intruders" who set fire to houses and shot at policemen. They did not identify the intruders.

At least 200 people have died in clashes in Karachi in the last six months but the city of more than seven million people had been relatively quiet for almost three months.

On Friday evening, the militant Punjabi-Pathan Ittehad organization held a rally in the suburb of Orangi town, scene of mass bloodshed in December.

Speakers demanded that Muhajirs go back to India. Witnesses said hundreds of Pathans fired shots into the air and brandished Kalashnikov rifles, pistols and shotguns.

The local authorities said Sunday that the attackers, armed with automatic weapons, were from the town of Surjani, a housing development under construction.

Many Pathans moved illegally into Surjani after their homes in Sohrah Goth, once a center for arms and drug smugglers, were pulled down in an army operation in December.



A Buddhist monk was taken into custody in Seoul on Sunday after police fired tear gas to disperse thousands of anti-government demonstrators marking a 1960 student uprising.

South Korea Sentences 2 Legislators As Part of New Drive Against Foes

By Clyde Haberman
New York Times Service
SEOUL — A South Korean court has imposed jail sentences on two opposition legislators amid reports that prosecutors planned to step up criminal proceedings against more anti-government politicians. The imposition of the jail terms was suspended for two years.

The two legislators, members of the National Assembly, were convicted on charges of having incited student demonstrators when they denounced the government outside the gates of Korea University in September 1985.

One of the assemblymen, Park Chan Jong, received a one-year jail term and the other, Chough Soon Hyung, an eight-month sentence.

The sentences fell into a pattern of rigid responses by the authorities to their opponents since April 13, when President Chun Doo Hwan canceled debate on revising the Constitution to allow for direct elections of a new president.

In the last few days, several opposition politicians have been indicted or questioned in cases that were either politically related or, if criminal in nature, were suddenly revived after lying dormant for as long as two years.

South Korean newspapers reported Saturday that 15 to 20 legislators, including a few from the ruling party, would be investigated on suspicion of illegal activities. According to one source, Mr. Chun has said he would like to crack

down even on politicians suspected of traffic violations.

The Korea Herald, a government-backed English-language paper, quoted an unidentified ruling party source as saying the purpose of the criminal inquiries was to "refresh the political atmosphere."

In his announcement on the constitutional debate, Mr. Chun said the country needed "untainted and competent politicians," and called for "improving the political climate through attitudinal reform."

An opposition leader, Kim Young Sam, called the crackdown an act of "political retaliation" against a new party that he formed 10 days ago with another dissident politician, Kim Dae Jung.

Other anti-government figures saw an attempt to force them out of politics, since a convicted criminal may not sit in the National Assembly once he has exhausted his appeals.

"It may be just a warning, but I think it's more than that," said Lee Chul, a national assemblyman who joined the Kims' party. "They obviously want to kick me out of the Congress."

Mr. Lee was indicted last week in connection with an offense said to have been committed 15 months ago involving the alleged distribution of an anti-government statement to foreign embassies and news organizations. According to the charges, he violated a 1975 law forbidding South Koreans from defaming the state to foreigners.

On Sunday, police fired tear gas to disperse thousands of anti-government demonstrators who were marking the anniversary of a student uprising on April 19, 1960, that led to the downfall of President Syngman Rhee.

The demonstrators called for the restoration of democracy after paying tribute to about 200 students killed in the 1960 uprising. Witnesses were quoted as saying that more than 100 were arrested.

Student protests have been few and uncommonly reserved in the six weeks since classes resumed after a winter recess. But they gained intensity after Mr. Chun's announcement and at week's end there were reports of unrest and sporadic clashes with the police on 40 campuses in Seoul, Pusan and other major cities.

Rob Tae Woo, chairman of the governing Democratic Justice Party, clearly had the two Kims in mind Saturday when he denounced politicians who were "blinded by the ambition to take political power through revolutionary uprising."

But Mr. Rob, the front-runner to be his party's presidential candidate when it holds a convention in June, made a conciliatory gesture by announcing proposals for change.

They included a gradual expansion of political autonomy in villages and small cities, modifications of stern press laws and release of an unspecified number of political prisoners.

Asians Warned to Act Now to Stop AIDS

By Michael Richardson
International Herald Tribune

SINGAPORE — Parts of Asia may soon be afflicted by a large-scale outbreak of AIDS unless public education and control measures are improved, experts warn.

They cite widespread prostitution and drug abuse involving shared syringes, especially in the Philippines, Thailand, Japan, Malaysia and Hong Kong. The region, which contains more than half the world's population, has so far avoided the epidemic of acquired immune deficiency syndrome.

Hiroshi Nakajima, director for the western Pacific of the World Health Organization, said recently that Asia was "the last frontier for AIDS."

Throughout Asia, fewer than 100 deaths from AIDS have been reported to the World Health Organization. But health workers say they believe there are now thousands of carriers of the AIDS virus among the region's drug addicts, homosexuals and prostitutes.

The virus is spread through sexual intercourse or exchanges of blood. It breaks through the body's immune system against fatal cancers and infections.

Indonesia and Singapore announced their first reported AIDS deaths this month.

The victim in Indonesia was a Dutch tourist who got AIDS overseas. The Singaporean, officials said, had been infected after receiving blood transfusions during a medical operation while he was abroad.

A Zairean diplomat based in China died of AIDS in March in Hong Kong, where he had gone for treatment. In February, a 62-year-old man became South Korea's first fatality.

In an interview, Ian D. Gust, director of virology at the Fairfield Infectious Diseases Hospital in Melbourne, Australia, said that mass travel and tourism made it difficult to stop the spread of AIDS.

He said one risk for Asia was that the disease was being imported by "sexual tourists" and spread through contacts with male or female prostitutes who did not know how to protect themselves and continued to ply their trade.

The Philippines is considered particularly vulnerable because of the heavy influx in recent years of U.S. servicemen on recreation leave, U.S. servicemen stationed there, and pleasure seekers from Australia and Japan, the two countries most seriously affected with AIDS in the western Pacific.

The spread of AIDS from U.S. bases has become a concern in recent months in the Philippines, where 17,000 American servicemen and 16,000 dependents are based. Since the disease appeared in

Australia in the early 1980s, more than 25,000 carriers of the AIDS antibody have been detected in tests.

Doctors in Australia said at least 25 percent would develop AIDS within four to 10 years. The death toll from AIDS in Australia has risen to 238, with 24 deaths reported in the month to March 26.

Japan has had 36 confirmed patients, of whom 34 have died. Experts estimate that there are 7,000 to 10,000 AIDS carriers in Japan.

The health authorities in Australia and Japan say they are concerned at the way in which AIDS is slowly spreading from immediate high risk groups — intravenous drug addicts, homosexuals, bisexuals and blood bank recipients — to heterosexual men and women.

Dr. Yuichi Shikawa, chairman of a special medical council set up in December by the Japanese government to combat AIDS, said he believed the most important single measure was to "inform and educate people."

Neal Blewett, Australia's health minister, said he will invite his ministerial counterparts and their advisers from the Asia-Pacific region to a World Health Organization conference in Sydney or Melbourne in July to pool information on the disease and cooperate in preventing its spread.

Dr. Jonathan Mann, coordinator of the organization's international AIDS program, said in Washington in March that his agency was expected to spend about \$37 million in 1987 to help set up national programs to control the disease.

He said this budget would probably double every year for the next few years.

Early this month, a Health Ministry official in Beijing said that foreigners intending to stay in China for more than a year would have to prove they did not have the AIDS virus before they were granted a residence permit.

The official said that Chinese nationals returning from working overseas must also undergo health checks.

P.V. Narasimha Rao, India's minister of human resources development, said in Parliament in February that nearly 1,130 foreigners

had been tested since the government ordered the screening of all foreign students in August.

There are an estimated 20,000 foreign students in India, more than 80 percent of them from Africa.

Mr. Rao said 10 of those tested had been found to be infected with the AIDS virus. The decree ordered deportation of AIDS victims but the minister did not say what action had been taken.

After Japan and Australia, the most comprehensive program to limit the disease is being undertaken by South Korea, which has said it wants to ensure the safety of thousands of tourists expected to attend the 1988 summer Olympic Games in Seoul.

The South Korean health officials said legislation to be submitted to parliament later this year would empower the government to expel foreign AIDS carriers from the country and order prostitutes to undergo tests for the disease.

These tests are already performed regularly on call girls near U.S. bases in South Korea and at homosexual bars across the country.

Crackdown on Tamil Rebels Urged

Appeal in Sri Lanka Follows Attack That Killed 126

By Barbara Crossette
New York Times Service

COLOMBO, Sri Lanka — Sinhalese groups have called on the government to take a tougher approach against Tamil terrorism following Friday's guerrilla attack in which 126 people were killed.

Women and children were among the fatalities when terrorists stopped a succession of buses and trucks on a country road north of here and sprayed the passengers with gunfire.

Most of the dead were ethnic Sinhalese. Survivors said Tamils and Moslems were ordered off the vehicles before the killing began.

At least 64 people were reported wounded in the attack.

Sinhalese organizations also called for the abandoning of the government's plan to grant limited autonomy to Tamil regions in the north and east as a means to end the separatist rebellion.

Gamini Iriyagolla, a spokesman for the Federation of Sinhalese Organizations, said, "This mass murder is the latest in a series of genocidal attacks by Tamil terrorists against the Sinhalese majority as a matter of policy, in pursuit of racist political aims."

He said civil war would follow if Sri Lanka was divided into autonomous regions, as demanded by the rebels, and he urged the govern-

ment "to crush terrorism in this country forthwith."

The authorities blamed the country's most powerful Tamil separatist army, the Liberation Tigers of Tamil Eelam, for the killings, which occurred in a week that was holy to Sri Lanka's Buddhists, Hindus and Christians. Sinhalese are largely Buddhists, and Tamils are mostly Hindu. The Christian community draws on both ethnic groups.

The Liberation Tigers, in a statement from their headquarters in Madras, India, denied the government charges, calling them "unfounded and aimed at tarnishing our image."

The attack took place near the village of Aluth-Oya, about 120 miles (195 kilometers) northeast of Colombo in the Trincomalee district, a strategically and economically important region being bitterly fought over by the minority Tamils and the Sri Lankan Army, which is dominated by the Sinhalese majority.

Friday's assault was the worst act of violence in Sri Lanka since Tamil guerrillas attacked the holy city of Anuradhapura in May 1985, leaving nearly 150 people dead.

The attack came as a surprise to the government, which had declared a cease-fire for the festival season.

Over the last month, the Liberation Tigers and a rival guerrilla group, the Tamil Eelam Liberation Organization, have been occupied with internecine fighting.

The Tigers' commander in the northern city of Jaffna, where Tamil militants control the streets, barely survived an assassination attempt by other Tamils. The Tigers were reported to have killed dozens of their rivals in revenge.

The Tamil guerrillas have been under heavy pressure from government forces over the last few months but have apparently withstood that, as well as an embargo on fuel shipments to their regions.

The government said Saturday that it had flown in 5,000 troops to hunt for the attackers. But the area's scrub and jungle landscape makes the fast-moving rebel armies difficult to find, military officers said.

The militant Tamils of the north and east, who form about 12 percent of the country's population, are fighting for an independent territory they want to call Tamil Eelam. Another group of Tamils, different by caste and history, populate the hilly central tea-plantation area of Sri Lanka. These Tamils, who make up about 6 percent of the population, have not joined in calling for a separate state.

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Situated just two miles from the Georgian city of Bath, the American Museum in Britain is supported by friends and members on both sides of the Atlantic. Tax-deductible donations may be made through the Halcyon Foundation of New York.

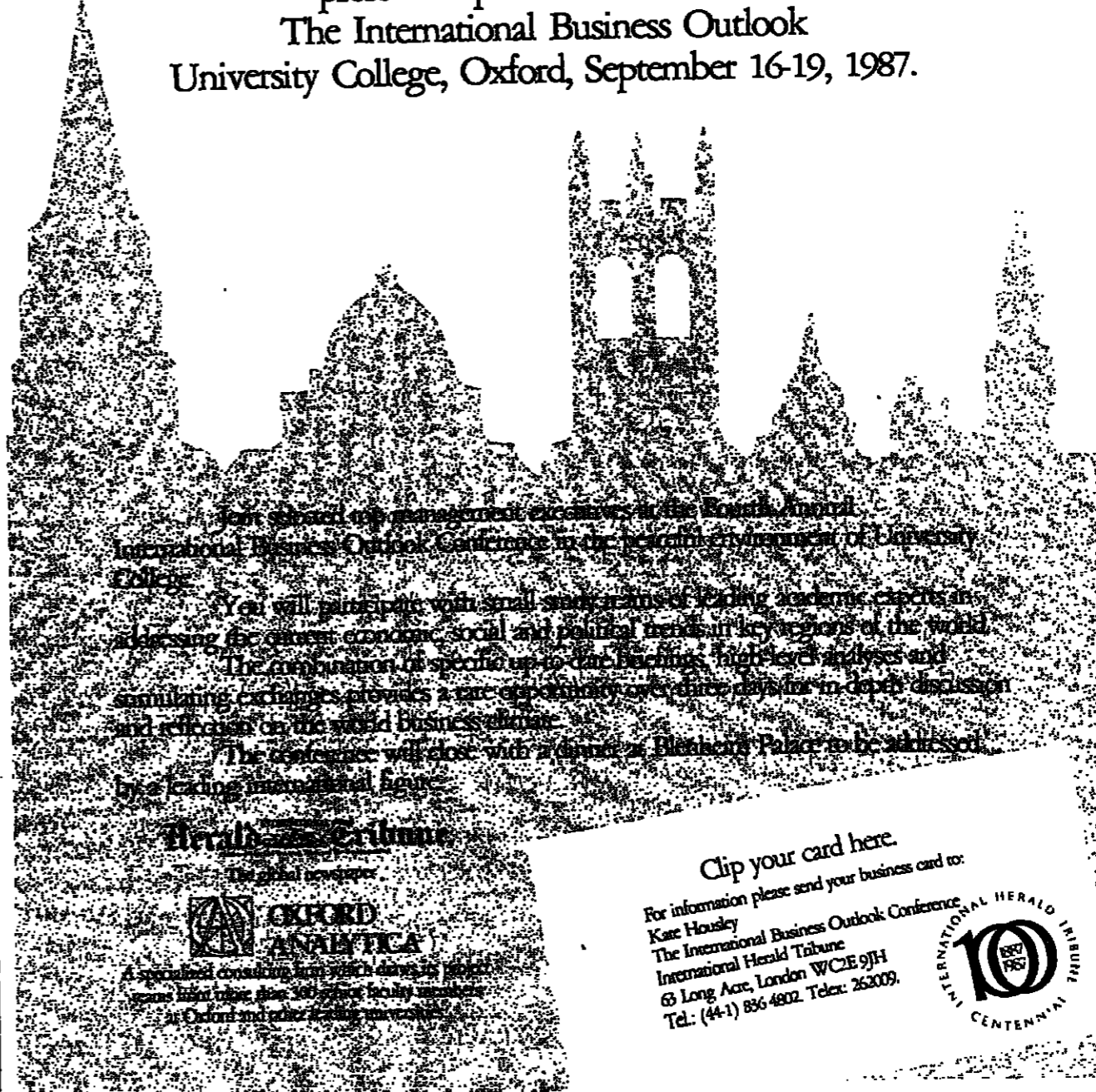
So when you feel you've soaked up enough British culture and history, take a trip to the American Museum in Britain at Claverton Manor, Bath. And relive the lives of the people who helped make America great.

The Museum is open daily from 2-5pm (except Mondays) from March 28th - November 2nd, also open Bank Holidays and preceding Sundays 11am-5pm. Further details may be obtained from: The Secretary, The American Museum in Britain, Claverton Manor, Bath. Tel: (0225) 60503.

The American Museum in Britain

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Soviet SS-20s Were First Step

By Barry James
International Herald Tribune
The debate on missiles in Europe began in the late 1970s with the deployment of a new Soviet missile, the SS-20, intermediate in range between strategic weapons capable of hitting the United States and tactical weapons that might be used in Europe.

The Missiles on the Table

United States
Ground Launched Cruise Missile
Range: Approximately 1,550 miles
Size: 21 feet
Warhead: 1
Destructive force: Equivalent to 200,000 tons of TNT

Soviet Union
SS-20
Range: Approximately 3,100 miles
Size: 52.8 feet
Warheads: 3
Destructive force: Each warhead is equivalent to 150,000 tons of TNT

Bonn Split Widens Over Gorbachev Missile Plan

By Reuters
BONN — Differences are widening in West Germany's center-right coalition government over how to respond to the proposal by the Soviet Union to abolish shorter-range nuclear missiles from Europe.

REBEL: Argentine Soldiers End Their Revolt After Meeting With Alfonsín

(Continued from Page 1)
Mr. Angeloz was quoted by the state news agency Telam as saying, "Everything seems to indicate that at some point the chain of command has been broken, since there is resistance to acting against the rebels."

during the military rule, most after passing through clandestine torture and detention centers, a presidential panel reported in 1984.
Civilian courts are hearing about 200 human rights cases against military officers. Twenty-five officers have been arrested.

FLY: Rule Changes Prompt Suits

(Continued from Page 1)
Hawaii are displacing paying customers, particularly in first class, where a round-trip ticket between New York and Honolulu costs \$2,498.

DUTCH: Abbey's Service

(Continued from Page 1)
pluralistic nation's already liberal policies on these subjects.
"Brotherly love," said Willem vanden Elzen, a 23-year-old conscientious objector who is doing his 18 months' national service in the abbey's offices rather than in the army.

ARMS: Lawmaker See Danger in Euromissile Proposal

(Continued from Page 1)
House of Representatives, was based on meetings after the visit last week by Mr. Shultz.
The House members said the Russians were willing to bargain further on the main sticking point, the disposition of shorter-range nuclear missiles.

Mr. Reagan said both sides had agreed on conducting negotiations on such weapons under a "global framework" that would take account of Soviet missiles in Europe and elsewhere.
"Let us hope that the process now under way continues to move forward and that Mr. Gorbachev and I can complete an historic agreement on East-West relations at a summit meeting," he said.

BORDER: Guerrillas Raid Israel

(Continued from Page 1)
The spokesman declined to specify how it was determined that the dead guerrillas were aligned to Mr. Arafat, other than to say that they were carrying PLO literature.
The incident was the latest in an intensifying series of clashes between Israeli troops and Palestinian and Lebanese Shiite Muslim guerrillas along Israel's northern border.

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FROM THERMAL POWER MONDAY, APRIL 20, 1987

EUROBONDS

Intervention, Sharp Words, Holiday Brake Dollar's Fall

By CARL GEWIRTZ International Herald Tribune

PARIS — Central banks responded forcefully last week to the challenge from markets to put up or shut up by intervening heavily in the foreign exchange market to stabilize the dollar and by stepping up public statements that further depreciation of the dollar is not currently desirable. The reaction was immediate. After setting a low of 140.25 yen and 1.7950 Deutsche marks following the report of a widening of the U.S. merchandise trade deficit in February, the dollar ended the week at 142.80 yen and 1.8095 DM for only a modest decline on the week. The stabilization was helped by the holiday-shortened weeks. Markets in North America and Western Europe were closed for Good Friday and many European centers will remain closed Easter Monday. Speculators prefer to close out their positions before such a long weekend. Not until Tuesday, then, will it be clear whether markets really believe that a period of exchange rate stability is at hand or whether they will further test the official resolve to hold the line. The official intervention needed to calm the markets has been substantial. Henry Kaufman, senior economist at Salomon Brothers, noted last week that foreign official holdings of U.S. government securities in custody at the Federal Reserve (an approximate indication of foreign intervention in support of the dollar) have risen nearly \$16 billion since the beginning of the year and almost \$10 billion in the last two weeks. It is not to be overlooked that this heavy intervention merely slowed the dollar's decline and, at least so far, has not altered the market's grim view of the dollar's future. The Salomon figures are not a mirror image of the support of foreign central banks and do not capture what the United States was doing. Informed sources say the Federal Reserve has been very active in the market. Its decision to keep this support hidden is frustrating to other central banks that believe that being seen in the market is almost as important as the amount of money spent supporting the exchange rate.

The Fed's decision to hide its support was frustrating to other central banks.

THE FED'S RELUCTANCE to take overt action, it is assumed, is linked to the rising protectionist sentiment in Congress, where intervention would be viewed as counterproductive to reducing the trade deficit. But more important to the U.S. Treasury and the Fed last week were signs that the U.S. bond market was headed into a dangerous tailspin. Not only have Japanese investors ceased purchasing U.S. dollar bonds, investments that are essential if the huge budget deficit is to be financed without a dramatic increase in interest rates, but the Japanese last week began selling some of the dollar bonds they were holding. A massive sell-off from Japan would create a nightmare for the bond market. The Japanese, who have suffered substantial losses on their U.S. bond holdings as a result of depreciation of the dollar against the yen, now are seeing even the capital gains on these investments eroded as U.S. interest rates shift upward and bond prices decline. However, a combination of exchange rate stability, reduced selling from Japan and a belief that the economic outlook does not warrant higher interest rates fueled a recovery in the New York bond market late last week that left bond prices and yields about where they were a week earlier. Speculators in the Eurobond market also recouped their early-week losses. But analysts were uncertain whether this was simply professional short-covering before the long weekend or whether investors were returning because of attractive yield levels. According to Credit Suisse First Boston, the average yield on five-year Eurodollar bonds ended the week at 8.31 percent, or 0.45 percentage point more than comparably dated U.S. government paper. Yields on 10-year Eurobonds of 8.93 percent were 62 basis points over government bonds. A week earlier, the differential over government issues were 23 and 46 basis points, respectively. While it is widely believed that the Japanese and other foreign investors may require more incentive to buy dollar bonds given the prospect for a higher rate of U.S. inflation fueled by the depreciating dollar, the widening differential in interest rates now is expected to come from a decline elsewhere rather than a further rise in U.S. rates. West German rates, for example, are expected to be nudged lower this week. The Bundesbank has been supplying the domestic market with one-month money at a rate of 3.8 percent, and should drop that rate this week to at least 3.5 percent, signaling its

See EURO BONDS, Page 9

Amoco To Buy Dome

TransCanada's Bid Is Spurned

Reuters

TORONTO — Debt-ridden Dome Petroleum Ltd. has accepted a 5.1 billion Canadian dollar (\$3.86 billion) takeover offer from Chicago-based Amoco Corp. In accepting, Dome spurned a 4.3-billion dollar bid from Toronto-based TransCanada Pipelines Ltd., a move that is likely to reopen a debate on foreign ownership of Canada's industries. But TransCanada said it had not given up its bid to acquire Dome. "We've improved our original proposal and we've told Dome we're still prepared to negotiate," said TransCanada's president, Gerald Maier. He did not give details of the improved bid and neither TransCanada nor Dome spokesmen were available to comment on Mr. Maier's statement. Dome and Amoco said Saturday they were negotiating a final agreement, which is subject to approval by Dome's shareholders, some of its creditors, the courts and federal regulators. A Dome spokesman, David Annesley, said "the larger portion" of Amoco's bid is for cash, but declined to give a specific figure. Dome's chairman, Howard Macdonald, said the Amoco agreement "offers the best solution to Dome's present problems." Dome began an ambitious expansion program in the late 1970s, borrowing extensively, but its fortunes declined sharply in the early 1980s as oil prices sank. Recently, Dome, which is based in Calgary, Alberta, asked its secured lenders to restructure its 4.7 billion dollars in debt under a plan tying repayments to the price of oil. Mr. Macdonald said Dome believed the Amoco agreement was "good for all Canadians, because it puts Dome's lands in the hands of a company that has the knowledge and financial resources to develop them much faster than Dome would have under the restructuring plan." However, the agreement is likely to provoke strong reaction in Ottawa, where some politicians have said that a takeover of Dome by a U.S.-based company would reduce Canadian ownership of its oil and gas industry to below 50 percent. Amoco's subsidiary, Amoco Canada Petroleum Co., is the eighth-largest oil company in Canada, with revenues of 975 million dollars last year. Dome had revenues of 1.16 billion dollars last year and reported a loss of 1.65 billion. Amoco said its offer required no special tax concessions from the government. TransCanada's offer would have required about \$450 million in tax concessions. Dome will bring its purchaser 2 billion to 2.5 billion dollars in tax credits from prior losses.

Rockwell Braces for Life After B-1



Construction of the B-1 bomber is due to end at Rockwell International Corp. next year.

By Richard W. Stevenson New York Times Service LOS ANGELES — About a year from now, if all goes as planned, a huge Rockwell International Corp. hangar in the California desert will open its doors and the 100th and final B-1B bomber will roll off the production line into the U.S. strategic arsenal. It will be a bittersweet moment for Robert Anderson, who should be then have retired after 14 years as Rockwell's chief executive. And it will be a point of transition for Donald R. Beal, Rockwell's 49-year-old president, who is expected to succeed Mr. Anderson in February. For the last 15 years, Rockwell has been consumed by the B-1, one of the most expensive and controversial military aircraft programs ever. The payoff has been handsome. The B-1 should account for more than a quarter of Rockwell's projected fiscal 1987 sales of \$12 billion and a similar percentage of its \$700 million-plus in net profit. But now, as the program winds down, Mr. Anderson and Mr. Beal keep hearing a single question: What happens to Rockwell after the B-1?

In answering it, both men are eager to minimize the impact of the project on Rockwell's fortunes. "This was a hell of a great company before the B-1 and will be a stronger company should the B-1 wind down as presently scheduled," Mr. Beal said. Their strategy is designed to cope both with the end of the bomber program and changes in the military contracting environment. The executives are transforming Rockwell from a company largely dependent on big aerospace contracts to one that emphasizes smaller, technology-See ROCKWELL, Page 11

U.S. and Japan Send Envoys to Talk on Tariffs

TOKYO — High-level envoys from the U.S. and Japanese governments traveled to each other's capitals on Sunday for talks about trade sanctions the United States has just imposed against Japan. The U.S. trade representative, Clayton K. Yeutter, arrived in Tokyo, while Shintaro Abe, a special envoy of Prime Minister Yasuhiro Nakasone, flew to Washington to ask for the lifting of the sanctions that were announced on Friday. Mr. Abe, a former foreign minister and a leading contender to succeed President Ronald Reagan, Secretary of State George P. Shultz and congressional leaders. He is expected to ask the United States to lift the 100 percent tariffs on Japanese personal computers, power tools and color TV sets. The United States set the tariffs in retaliation after accusing Japan of violating an agreement not to sell semiconductors below cost in third countries, and to increase its purchases of U.S. microchips. Mr. Reagan said the tariffs would cover \$300 million in annual sales. In Tokyo, Mr. Yeutter is to meet Hajime Tamura, the minister of international trade and industry, and hold two days of talks on semiconductor trade. Mr. Yeutter and the U.S. agricultural secretary, Richard E. Lyng, will also discuss the opening of the Japanese agricultural market, another irritant in bilateral trade. In an interview Sunday on a U.S. television talk show, Mr. Yeutter said he felt that chances were "very high" that the Japanese will accommodate us on trade. "There is a lot of self interest in their doing so," he said. "They have a major industry at stake, a major relationship at stake." He added: "Down deep, they know they have not complied" with the semiconductor agreement. Referring to Japan's decision to file an appeal against the tariffs with the General Agreement on Tariffs and Trade, the world body that governs trade, Mr. Yeutter said the United States would abide by any GATT decision. "But he said, 'It is most unlikely that GATT will rule against the U.S. I have no hesitation in defending this action before GATT.'" Japan Will Not Retaliate Earlier, Sam Jameson of the Los Angeles Times reported from Tokyo: Mr. Tamura declared Saturday See TRADE, Page 11

Economist Skeptical of Italy's 'Economic Miracle'

By David Brown Special to the Herald Tribune ROME — The author of a study cited by many here as proof that Italy's economy is now the world's fifth largest is warning that the country's vaunted economic miracle is a myth. Guido Rey, head of the independent Central Institute of Statistics, says he is "not convinced by the euphoria." "We've done a lot in recent years," Mr. Rey said in a recent interview. "Italians are working harder and making more money instead of looking to the state for help. "But we urgently need to increase productivity and cut the balance-of-payments deficit." The balance of payments is a detailed account of a country's foreign transactions, including trade, services and capital movements. It was Mr. Rey's study for the statistics institute, released in February, that showed for the first time the extent to which the so-called "black," or underground, economy is contributing to the national economy as a whole. The study, begun in 1979, showed that an estimated six million Italians have second or third untaxed jobs and are generating about 15 percent of gross national product, income that had not been included in official figures. Revising the official statistics to take account of this, Italy an-

nounced a GNP for 1986 of \$579 billion. Comparing this with Britain's \$567 billion, Italian politicians announced *il miracolo*, or the overtaking of Britain as the West's fifth largest economy, after the United States, Japan, West Germany and France. Mr. Rey is critical of comparisons based on GNP, the annual total of all goods and services a country produces, which he calls "unrepresentative" of relative strength. He thinks that differences in bookkeeping methods and fluctuating foreign exchange rates distort the value of such comparisons. And he said that bureaucracy and slipping productivity in the fast-growing services sector were



Guido Rey, the biggest problems facing Italy. "We've seen a sort of half-hearted Reaganomics in this country," he said. "People have been freed to

pursue their goals, but the public sector has kept on growing." The public and private services sector has increased sharply, from 36 percent to 56 percent of the economy, since 1971, Mr. Rey said. But in the past six years alone, despite sharp gains in some industries, productivity has dropped by about 4 percent. Italy's impressive jump in industrial profits and a broad financial restructuring in recent years has sparked talk of "industrial renaissance" here. And Mr. Rey concedes that the Statistics Institute has charted big strides in industry. For instance, Fiat SpA, the largest privately owned industrial group in Italy, doubled net profit each year between 1983 and 1985, although the rate of increase dipped sharply last year. But Mr. Rey said that Italian industry needs to invest in more highly processed and technological products. "We're still producing the same kinds of goods we did 20 years ago," he said. "If we fail to take appropriate steps, the recovery will be ruined by higher inflation, poor competitiveness and a plunge in export earnings." Mr. Rey's main concern is Italian attitudes. He said: "We certainly have no trouble financing our investments, either out of company profits or money from foreign investors. What we lack is courage."

Last Week's Markets

Table with columns for Stock Indexes, Money Rates, and other market data for April 16 and 17, 1987.

Currency Rates

Table with columns for Cross Rates and Other Dollar Values, showing exchange rates for various currencies.

Debt, Low Export Prices Cut Borrowing in Asia

By Michael Richardson International Herald Tribune SINGAPORE — Hit by low export prices and heavy foreign debt, developing countries in Asia and the Pacific have had to reduce their public sector borrowing and development programs, according to a report to be released Monday. The annual report of the Asian Development Bank covers 29 developing and newly industrialized nations in a region that has achieved some of the highest rates of economic growth in the world over the past decade. The bank said that its lending commitments last year were "less than had been anticipated, reflecting high debt levels and budgetary constraints in some developing

China Reports A Narrowing of Trade Deficit

BEIJING — China has reported a dramatic narrowing of its merchandise trade deficit. A spokesman for the State Statistical Bureau said Friday that the trade deficit at the end of the first three months of this year was \$1.05 billion. It was more than \$3 billion at the end of the first quarter of 1986. He attributed the improved performance to tight controls on imports, especially cars and other consumer goods, a rise in the world price of oil, which China exports, and a sharp increase in exports of coal, rice and cotton yarn. With the deficit offset by a surplus in such service items as shipping and insurance, foreign-exchange reserves had begun to rise for the first time since 1984, he said. The bank is one of the main sources of finance and technical aid for a wide range of public sector programs in the Asia-Pacific area, including agriculture, transport, communications, energy, urban development, housing, education and health. The bank is owned by the regional members and 18 industrialized nations, among them Japan, the United States, Canada, Australia, See ASIA, Page 11

Advertisement for Brother typewriters. Features the slogan 'Proud to be part of the brotherhood' and 'Worldwide Sponsor of the IOC'. Includes images of three different typewriter models: Manual Typewriter, Compact Electronic Typewriter, and Electronic Office Typewriter. The Brother logo and 'brother' brand name are prominently displayed at the bottom.

هكسان الأجر

New International Bond Issues

Compiled by Anne Potter Hardoux

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

U.S. Fears Most GNP Growth Is in Inventories, Trade

By John M. Berry
WASHINGTON — Reagan administration economists have not changed their official forecast that the U.S. economy will grow about 3.25 percent this year...

Greece Ponders a Change in Debt Profile

By Carl Gewirtz
PARIS — The Bank of Greece is asking banks for a \$300 million loan, all it needs to complete its foreign financing requirements for the year...

Chrysler Paid \$23.6 Million to Iacocca in Year

By Our Staff From Dispatches
DETROIT — Chrysler Corp. paid its chairman, Lee A. Iacocca, \$14 million in salary, bonus and stock in 1986...

EUROBONDS: How the Banks Braked Dollar's Slide

(Continued from first finance page)
but Japanese investors, who are the major purchasers, do not like the decline in yields. They are continuing their buying to the more liquid domestic market...

Amid Urging to Trim Budget Deficit, U.S. Cuts Grants and Widens Loans

By Judith Havemann
WASHINGTON — The pressure of the federal budget deficit has inverted the ancient proverb about the right and left hands. Within the U.S. government today, what the right hand taketh away in budget cuts, the left hand giveth in loans...

Outstanding federal credit, at \$701.4 billion, has grown so fast that today 14 percent of all money lent in the United States is connected to the government.

U.S. Consumer Rates table with columns for Rate and April 17 %.

Securities Firm Opens in China

BEIJING — The first securities company to operate in China since 1949 has opened in the northeastern city of Shenyang...

THORN EMI Pic (CDRs)

The undersigned announces that as from 27th April 1987 at KAS Associates N.V., Spuisstraat 172, Amsterdam...



"With markets moving so rapidly, how can I be sure that I can access the right markets at the right time?"

CAPITAL STRATEGY FUND LIMITED logo and text.

Gartmore advertisement with logo and text.

CITICORP OVERSEAS FINANCE CORPORATION N.V. advertisement.

ITALFORTUNE INTERNATIONAL FUND SICAV advertisement.

NASDAQ National Market

OTC Consolidated trading for week ended Friday, April 17

Table A: NASDAQ National Market listing. Columns include Sales (100s), High, Low, Close, and Net Change. Lists various stocks such as ABC, ACC, AEC, AEP, AIF, ALC, etc.

Table B: NASDAQ National Market listing. Columns include Sales (100s), High, Low, Close, and Net Change. Lists various stocks such as ABB, ACC, AEC, AEP, AIF, ALC, etc.

Table C: NASDAQ National Market listing. Columns include Sales (100s), High, Low, Close, and Net Change. Lists various stocks such as ABB, ACC, AEC, AEP, AIF, ALC, etc.

Table D: NASDAQ National Market listing. Columns include Sales (100s), High, Low, Close, and Net Change. Lists various stocks such as ABB, ACC, AEC, AEP, AIF, ALC, etc.

Table E: NASDAQ National Market listing. Columns include Sales (100s), High, Low, Close, and Net Change. Lists various stocks such as ABB, ACC, AEC, AEP, AIF, ALC, etc.

(Continued on next page)

ROCKWELL: Life After B-1

(Continued from first finance page)

rich commercial and military electronics businesses. The shift underscores what is happening throughout the aerospace industry. Wall Street has grown wary of most companies that are highly dependent on government contracts. Such companies often experience boom and bust cycles caused by programs that go full tilt for years, then end abruptly.

"For defense contractors, the nightmare is always what to do when this contract runs out, to avoid falling into a black hole," said William F. Demisch, an analyst at First Boston Corp. In an era of little or no growth in the defense budget, contractors must look elsewhere for their own growth. Commercial businesses are one avenue. And within the military sphere, demand for sophisticated electronic systems to guide and operate weaponry is increasing, spurring investments in that area.

About 18,000 Rockwell workers probably will have lost their jobs by the time the B-1 program ends. And Rockwell has little prospect of winning another big military airframe project soon.

Still, Rockwell faces the end of the B-1 project in fairly good financial shape. For its fiscal year ended Sept. 30, Rockwell earned \$611.2 million. Revenues were \$1.23 billion. For its first quarter, Rockwell had net income of \$149.4 million, or \$1.05 a share, up 19 percent over the previous year. The company's stock, which was as low as \$37 last year, traded in the high \$30s last week.

Rockwell also seems well situated strategically. Even without the B-1, it is flush with U.S. government business, including the space shuttle orbiter and main engine; research on the Strategic Defense Initiative, a plan for a space-based defense against nuclear missiles; and major satellite and missile contracts.

In addition to its growing military and commercial electronics business, the company makes a variety of industrial products including truck axles and Goss printing presses.

The diversification has given Rockwell something of a split personality. It has two headquarters offices: one in Pittsburgh that was set up when the company specialized in industrial products, and a newer one at the edge of Los Angeles International Airport in El Segundo, near Rockwell's high-technology aerospace operations.

Mr. Anderson works out of both offices while Mr. Beall is based in California. Although company executives say they will maintain the two headquarters indefinitely, El Segundo is where the decisions are made.

For the most part, those decisions have been the right ones, according to analysts and company executives. "Rockwell has positioned itself so it can look into that black hole and smile," Mr. Demisch of First Boston said. "We're not going to be decimated. We have a balanced mix of businesses and a conservative balance sheet."

Other defense contractors are trying to position themselves similarly. Lockheed Corp., for example, faces the end of the \$6.7 billion

C-5B transport plane program at its plant in Marietta, Georgia. The program employs 9,000 people and is likely to account for more than a quarter of Lockheed's earnings this year.

To make up for the loss of the C-5 project, Lockheed is competing for other government contracts, including the next generation of air force fighter jets. Last year it also purchased Sanders Associates, a defense electronics company.

Rockwell's path toward diversification has not always been smooth. The Apollo space program, for which Rockwell was a prime contractor, came to an end in the early 1970s. With less money coming in from NASA, Rockwell tried to apply its technological skills to consumer products.

In 1973, it bought Admiral Corp. on the theory that a company that sent a man to the moon could build a better television. The assumption was wrong. Few of Rockwell's skills transferred to the price-sensitive consumer marketplace. Under Rockwell, Admiral was able to build what it called "the Cadillac of televisions" but not at a price anyone would pay. Rockwell admitted defeat and sold Admiral in 1979. "We did our best and it wasn't good enough," Mr. Anderson said.

In the 1980s, Rockwell remembered that lesson well. It has

shunned businesses it knows nothing about. Two years ago, Rockwell spent \$1.7 billion to acquire Allen-Bradley Co., a leader in factory controls and automation. Allen-Bradley itself has one of the nation's most advanced computer integrated manufacturing facilities.

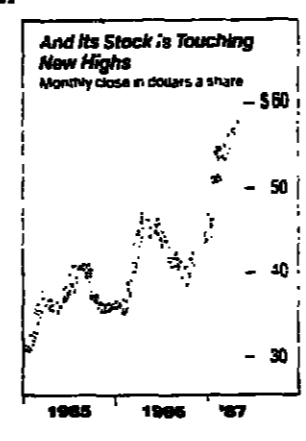
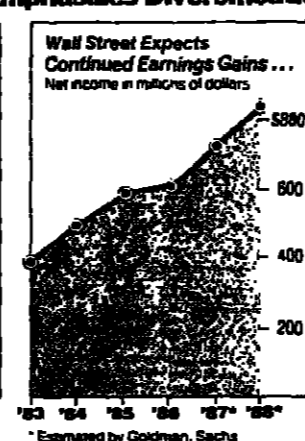
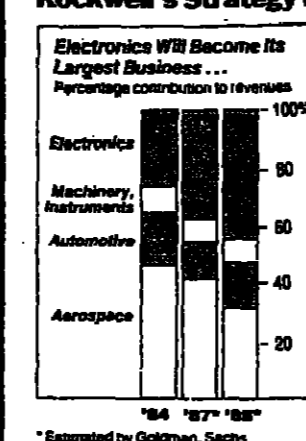
The company was close enough to Rockwell's commercial electronics business to be familiar, but it was also judged to be a fast-growing, non-government business that could expand even more rapidly with capital infusions from Rockwell.

"We needed a good, strong growth business that would make up for the loss of the B-1," Mr. Anderson said. "We want a strategic mix so we are not completely subject to the political winds of what might happen to a B-1 or a space shuttle."

Rockwell has made 11 smaller acquisitions to help round out Allen-Bradley's product line. The biggest was the \$100 million purchase of Electronics Corp. of America, which makes photoelectric controls and flame-monitoring devices.

The spending spree has yet to pay off. Allen-Bradley's financial results so far have been lackluster, and analysts worry that the unit

Rockwell's Strategy Emphasizes Diversification



Estimated by Goldman, Sachs

might prove to be too cyclical, like Rockwell's automotive components business. Mr. Anderson acknowledged that Allen-Bradley is suffering while one of its biggest customers, General Motors Co., re-assesses its capital spending plans. The repeal of the investment tax credit, which has temporarily slowed some capital outlays, also has hurt.

Rockwell has been investing heavily on the military side of its electronics business. Mr. Anderson asserts that the combination of the commercial electronics sector, including Allen-Bradley, and mili-

ments to Rockwell's earnings in the next several years will come from events beyond the company's control. A lower corporate tax rate and more liberal rules for accounting for overfunded pension plans will add substantially to net profit.

In addition, the government has asked Rockwell to build a space shuttle to replace the Challenger, which exploded in midair in January 1986. Work on the \$2 billion contract is expected to start later this year, just as B-1 work begins to tail off.

Rockwell has been relatively untroubled by the controversy around Federal funds to build the Challenger's replacement are scheduled to become available in August. Until then, Rockwell is spending \$20 million of its own to keep technicians on the project, which is expected to take 45 months to finish.

Rockwell's involvement with high-visibility programs is likely to continue beyond the B-1 and the shuttle. The company hopes to build a large portion of the U.S. space station, which is expected to become operational by the middle or late 1990s.

Rockwell also is competing to design the so-called National Aerospace Plane, which would be a combination hypersonic passenger plane and low-orbit space vehicle. That project is not likely to come off the drawing boards until early in the 21st century.

The next major event anticipated at Rockwell is the passing of the baton from Mr. Anderson to Mr. Beall. The men are in close touch and claim to think much alike. "We communicate in half sentences," Mr. Beall said.

With the B-1 throwing off cash, Wall Street is wondering whether Rockwell might be looking for an other big acquisition. But Mr. Beall said Rockwell was not planning another purchase unless an unexpected and perfect opportunity comes along.

"We're in the businesses we want to be in," he said. "We do not have in our planning to do another Allen-Bradley-sized deal and enter an altogether new business." Even without the B-1 and another big acquisition, Rockwell will have plenty on its hands.

France to Sell 20% of Havas PARIS — The Finance Ministry is to sell private bidders up to 20 percent of the shares of Agence Havas SA, the advertising group.

Havas, which is 50.26 percent owned by the state, is one of 65 companies in the government's denationalization program.

Up to 630,400 Havas shares with a nominal value of 100 francs (\$16.60) each will be sold, out of the group's total capital of 2.63 million shares and \$25,000 investment certificates, the ministry said Friday. Investors can bid for between 31,520 and 157,600 shares, representing 1 percent to 5 percent of the group's capital.

TRADE: U.S., Japan Send Envoys to Discuss Sanctions

(Continued from first finance page)

that Japan would refrain from taking immediate retaliatory action against the United States. He condemned the decision to impose punitive tariffs, but said: "Hoping to prevent this issue from causing severe damage to the world's free trading system, the Japanese government has decided, from this broader perspective, not to take any retaliatory measures immediately."

He reaffirmed that Japan would file an appeal with GATT. Although a ruling supporting Japan's claim that the U.S. punitive tariffs violate GATT rules will give international sanction to retaliatory tariffs by Japan, Mr. Reagan is widely expected to lift the sanc-

tions before any decision could be reached in GATT. Echoing remarks by the White House chief of staff, Howard H. Baker Jr., Mr. Tamura said that "a trade war will not occur."

"Japan and the United States are nations with the highest level of friendly relations," he said. "Although we may exchange words that sound like a trade war, we will not have a trade war."

Mr. Tamura said he would present new data to Mr. Veutter this week and renew an appeal for immediate withdrawal of the sanctions.

He said he thought that Japan would be able to provide convincing new data on gains of sales of U.S. semiconductor in Japan and proof that Japanese chip makers

were not dumping in third-country markets by April 29, when Mr. Nakasone is to visit Washington. "The problem is whether the United States will evaluate that data as convincing," he said.

Protest Resignation Gerald M. Marks, the head of the U.S. Commerce Department's regional office in Chicago, said he intended to tender his resignation on Monday to protest the tariffs, the Los Angeles Times reported.

Mr. Marks, 59, head of the Chicago regional office since 1970, said "the simple notion our trade deficit can be solved on a bilateral basis by getting tough with Japan is offering false hope to the nation and could be devastating to the world trading system."

ASIA: ADB Says Low Prices, Debt Cut Public Borrowing (Continued from first finance page)

New Zealand and nearly all countries in the European Community. The report described the outlook for economic growth of its developing member countries in 1987 and beyond as "rather mixed."

But it said that despite difficult international conditions, the completed value of goods and services produced by those countries, excluding investment abroad, rose by 6 percent last year. The figure compared favorably with other parts of the world.

Some of the larger developing members of the bank are China, India, Indonesia, Bangladesh, the Philippines, Thailand, Pakistan, South Korea, Vietnam, Sri Lanka, Malaysia and Burma.

The annual report said that by the end of 1986, the bank had completed performance audits of 212 projects.

The assessments concluded that more than two-thirds of the projects had substantially achieved their objectives. But the bank added that "it has also been found that there has been a tendency toward optimistic estimation of econom-

International Bond Prices

Table with columns: Issuer, Country, Maturity, Price, Yield, Change. Lists various international bonds from countries like Canada, France, Germany, etc.

Euromarkets At a Glance

Table showing Eurobond yields for various maturities (1-30 years) across different regions like U.S., Europe, etc.

Weekly Sales

Table showing weekly sales for various markets including Euromarkets, DM Zero Coupons, and ECU Straights.

NYSE Most Actives

Table listing the most active stocks on the NYSE, including volume, high, low, and change.

AMEX Most Actives

Table listing the most active stocks on the AMEX, including volume, high, low, and change.

Wall Street Review

Table providing a review of Wall Street activity, including NYSE and AMEX sales, and market indicators.

NYSE Diaries

Table listing NYSE diaries, including volume, high, low, and change for various stocks.

AMEX Diaries

Table listing AMEX diaries, including volume, high, low, and change for various stocks.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Large table listing NASDAQ National Market data, including various stock prices, volume, and changes.

SPORTS

NBA Suns Have 3 Indicted on Drug Charges; Davis Suspended

PHOENIX, Arizona — Three players for the Phoenix Suns of the National Basketball Association have been indicted on drug charges and another, all-star guard Walter Davis, has been suspended for cocaine use.

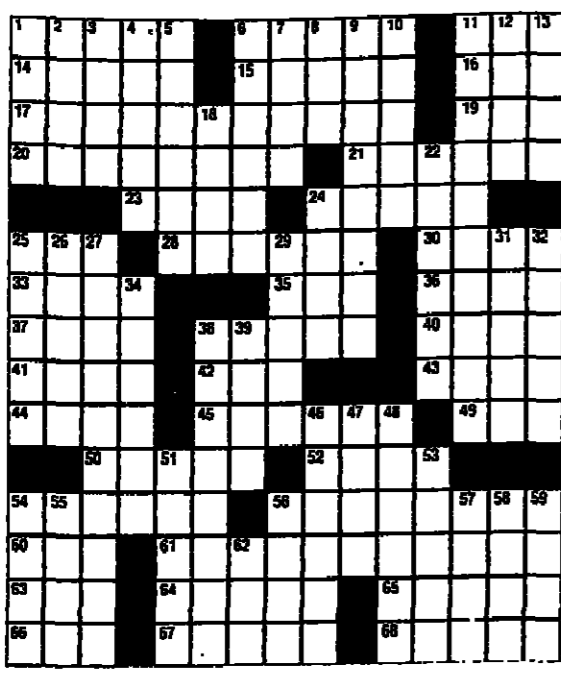
Phoenix television station KPNX reported that Bedford and Davis had been granted immunity from prosecution in return for testifying before the grand jury.

Phoenix Police Chief Ruben Ortega said evidence showed that Davis, Bedford and four other former Suns, Johnny High, Curtis Perry, Alvin Scott and Don Buse, were "present or had knowledge of illegal drug transactions."

The Suns' general manager, Jerry Colangelo, said Davis admitted he had become involved with cocaine again and would re-enter a drug treatment program.

Davis, who underwent 30 days of voluntary treatment for cocaine and alcohol abuse at a Southern California clinic in January 1986, admitted Friday he had had a relapse, Colangelo said. A five-time all-star and the NBA's rookie of the year in 1977-78, Davis was suspended without pay.

Phoenix television station KPNX reported that Bedford and Davis had been granted immunity from prosecution in return for testifying before the grand jury.



ACROSS 1 Witicisms 6 Brag 11 Brit defenders 14 What 'ye faithful' do 15 Sloggers 16 Wallach or Whitney 17 Seemingly contradictory 19 Bagel accompaniment 20 Comes forth 21 Make ineffective 23 Rouse 24 Saharan antelope 25 Saturn's wife 26 Ancient Jewish ascetic 30 Byron work 33 Author 35 O'Flaherty 36 Broadcast 38 Like a pile of bricks 37 Skirt-style 38 Crumbly earth deposits 40 The act of: Br. suffix 41 A Slaughterer 42 Elec. unit 43 Bondage 44 Beat pounders 45 Wrestle

Solution to Friday's Puzzle

AFFECT STOCKED SUITOR ARRANGED INTONE TEAPARTY ADS SAGEST PEEN SOSO TIM TIRE EPSILON LOAD LEONINE ENGRASS LAMED NORIA STEWARD PRIMARY STER RESOLES ASP EPA AMOS STAT LIBYAN DAM KEROSENE RACINE SEMESTER KNIAVINE PAISTERN STIREWS

Islanders Oust Capitals in 5th Longest NHL Game

By Robert Facht Washington Post Service LANDOVER, Maryland — Pat LaFontaine's goal after 68 minutes, 47 seconds of sudden-death overtime Saturday night brought an end to the fifth longest game in National Hockey League history and gave the New York Islanders a 3-2 victory over the Washington Capitals in the Patrick Division semifinal playoffs.

The Islanders won the best-of-seven series by four games to three, and will play the Flyers in Philadelphia on Monday night.

The Capitals, who held a 3-1 lead in the series, and who were not shutout all season, were blanked for the last 90:02 of the game. They took 75 shots at goalie Kelly Hrudey, while the Islanders won on their 57th shot.

It came after Gord Dineen brought the puck from behind the Washington net, only to have his attempted shot deflected to LaFontaine at the right point. LaFontaine beat screened goalie Bob Mason on the short side.

30,000th Point Scored by Erving

PHILADELPHIA — Julius Erving, in his last regular-season appearance Friday night at the Spectrum, became the third player in the history of professional basketball to score 30,000 points.

DENNIS THE MENACE



MAKE 'EM ON BROWN BREAD, MOM. THEN WE WON'T HAVE TO WASH OUR HANDS!

JUMBLE

A word game section with scrambled words like SYSUF, DOGUR, JOADIN, SMARDI and a grid for the answer.

Friday's Jumble: ANNIL LIBEL ZIGAG SULTRY Answer: What the bee got when he tied to phone home—THE "BUZZY" SIGNAL

WEATHER

A table with weather forecasts for various cities including Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

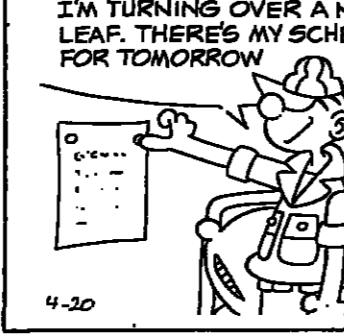
PEANUTS



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BEEBLE BAILEY



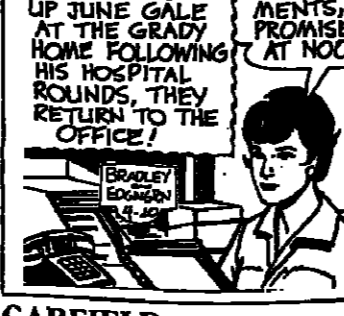
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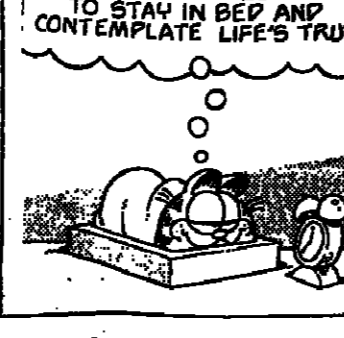
WIZARD of ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Trading in Amsterdam last week began on a lackluster note, extending the previous week's trend as the dollar weakened.

Paris

Paris stocks lost ground last week as the dollar slid, but edged upward as it strengthened.

Frankfurt

After a difficult start to a week that was marked by the dollar's difficulties and pessimistic economic indicators, Frankfurt stocks closed strongly Thursday.

Singapore

Share prices gained further ground last week on the Singapore stock market, with the Straits Times industrial index recording a new high of 1,104.35 points on Monday.

Hong Kong

Hong Kong stocks lost ground last week, amid worries about U.S.-Japan trade friction and the impact of the dollar's decline on the colony's import bill.

Tokyo

Share prices kept rising on the Tokyo stock market last week in turbulent sessions that sent the key indicators soaring to all-time highs.

London

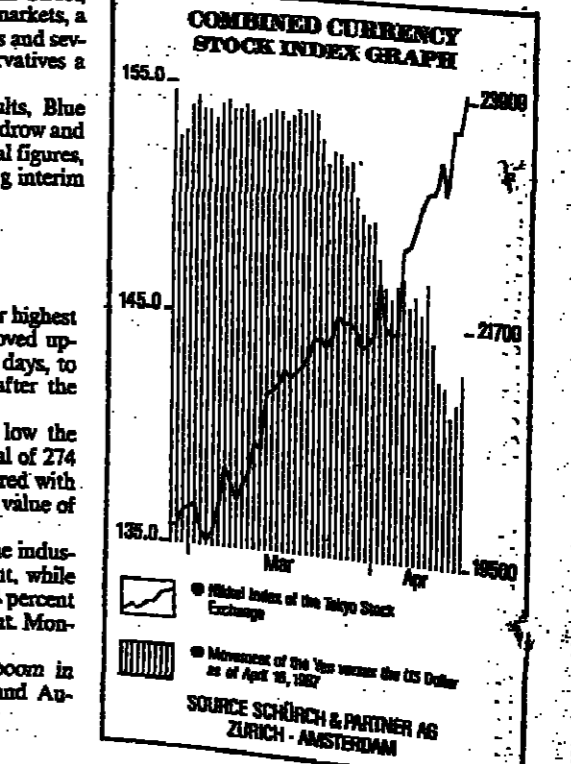
After a weak start, share prices staged a technical rally last week on the London Stock Exchange, ahead of the Easter break.

Zurich

Zurich stocks closed lower Thursday after a four-day trading week that was marked by the dollar's fluctuations.

Milan

Milan stocks last week reached their highest point this year. The Comit Index moved upward during each of the five trading days.



A vertical sidebar on the right edge of the page containing various advertisements and notices, including 'SPORTS', 'Major League Standings', and 'SCOREBOARD'.

هكسان النحل

SPORTS

SPORTS BRIEFS

Gulch Rallies to Win Wood Memorial

NEW YORK (NYT)—Gulch, the best 2-year-old thoroughbred in the United States last summer but a disappointment ever since, rallied from far back in the field under Joe Santos to catch Gene West in the final stride and win the Wood Memorial by a head Saturday at Aqueduct.

Sauers, Jones Hold 3d-Round Lead

HILTON HEAD ISLAND, South Carolina (AP)—Gene Sners bridled the final hole Saturday to shoot 7-under-par 64 and share the Heritage Classic lead with Steve Jones with a three-round total of 200.

Excluded Fans Riot at Safari Rally

NAIROBI (AFP)—Hundreds of people were injured, cars stoned and looted early Saturday after Safari Rally officials refused spectators entry into a rally control point.

Honeyghan Keeps Welterweight Title

LONDON (AP)—Britain's Lloyd Honeyghan won a unanimous 12-round decision Saturday over Maurice Blocker of the United States to retain his World Boxing Council and International Boxing Federation welterweight championship.

For the Record

Twelve top South African sports figures publicly announced Sunday their support for an anti-government reform alliance in the whites-only elections on May 6. The 12 included Graeme Pollock, regarded before his retirement this year as one of the world's greatest cricketers, batsmen, and Morné du Plessis, a former rugby captain.

Joe Dial pole vaulted 19 feet, 4 1/2 inches (5.91 meters) Saturday at the Kansas Relays to break his U.S. record. He just failed to break the world mark of 19-8 1/2 held by Sergei Bubka of the Soviet Union.

Quotable Tony LaRussa, manager of the Oakland A's: "When you're not winning, it's tough to win a game."

Schmidt's 500th: When It Counted

PITTSBURGH — Mike Schmidt hit his 500th home run exactly the way he wanted — with two out in the ninth inning and the game on the line.

Homers No. 1 and No. 250 Lead Reds Past Astros

CINCINNATI — Kurt Stillwell's first major-league home run, a grand slam, and Dave Parker's 250th career homer, a three-run blast, powered the Cincinnati Reds to a 9-8 victory Friday night over the Houston Astros in a National League game.



Mike Schmidt hits 500th homer on 3-0 count with two out in the ninth.

FRIDAY BASEBALL

CINCINNATI — Kurt Stillwell's first major-league home run, a grand slam, and Dave Parker's 250th career homer, a three-run blast, powered the Cincinnati Reds to a 9-8 victory Friday night over the Houston Astros in a National League game.

Some Marathon Runners Driven by More Than Urge to Win

BOSTON — Jimmy Kelly, "the elder," won the Boston Marathon twice. But now he just strives to cross the finish line in less than five hours, a pace that puts him at the back of the pack.

Her dwindling age group. For five years, a cosmetics company sponsored her on the running circuit, and for a time she lived in California. Every weekend she races, whether in New Zealand, Boston or in towns near Miami.

1935 and 1945 and finished in the top 10 in 19 marathons. Although he had run for years, the nickname "the Elder" didn't come until 1957, when John I. Kelley won. That winner, though not related, is called "the Younger."

SCOREBOARD

Table with columns for Baseball, Basketball, Tennis, and Transition. It contains scores for various games and events.

Baseball

Table containing baseball scores for various leagues including American League, National League, and International League.

Basketball

Table containing basketball scores for NBA Standings, European Soccer, and various international leagues.

Brewers Tie Record For Opening Streak In AL, 11 Straight

MILWAUKEE — Glenn Braggs drove in three runs and Rob Deer hit a home run Saturday, helping the Milwaukee Brewers tie an American League record for most victories at the start of a season with a 4-3 decision over the Texas Rangers.

SATURDAY BASEBALL

MILWAUKEE — Glenn Braggs drove in three runs and Rob Deer hit a home run Saturday, helping the Milwaukee Brewers tie an American League record for most victories at the start of a season with a 4-3 decision over the Texas Rangers.

The New Bo: 5 Fans for 5

NEW YORK — In his first full season in the major leagues, Bo Jackson seems to be making a splash — whatever he does.

Tennis

Table containing tennis scores for various tournaments and players.

Hockey

Table containing hockey scores for various leagues and teams.

World Championships

Table containing world championship scores for various sports.

